GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1822
ANSWERED ON:29.11.2002
INVESTMENT BY LIC
CHANDRA NATH SINGH;SADASHIVRAO DADOBA MANDLIK

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) Whether attention of the Government has been drawn to the newsitem captioned `LIC bhijokhim me dal rahi hai niveshkon ka dhan` appearing in the Rashtriya Sahara dated 27th October, 2002;

(b) if so, the facts of the matter reported therein and reaction of the Government thereto; and

(c) the steps taken by the Government to keep an eye on the functioning of the LIC as to protect the money of the common investors?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) (b) & (c) : The investments of the Corporation are governed by the provisions of Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 and guidelines issued by the Investment Committee of the Corporation from time to time. As per the provisions of law, not less than 50% of funds of the Corporation has to be invested in Government securities and as on 31.3.2002, 57% of LIC funds are insvested in Government securities. The Corporation has also been investing a part of the funds in equity market with a long term view to earn higher return for its policy holders. LIC has informed that they have made equity investments in fundamentally strong companies in all sectors of economy over a long period and booked capital appreciation whenever the market provided an opportunity. During 2001-2002, the Corporation invested Rs. 4,775 crore in the equity market and sold equities worth Rs. 1,830 crore, booking a profit of Rs. 723 crore.!

Similarly, during 2002-2003 the Corporation has invested around Rs. 3,067 crore as on 15.11.2002 in the equity market and sold stocks worth Rs. 847 crore, booking a profit of Rs. 422 crore.